

Legislative Audit Division



State of Montana

Report to the Legislature

December 2000

Performance Audit

Upland Game Bird Habitat Enhancement Program

**Department of Fish, Wildlife and Parks
Wildlife Division**

This report contains information about the Upland Game Bird Habitat Enhancement Program (UGBHEP). It makes recommendations to the department on how to improve program operations. There is also a recommendation to the legislature to clarify legislative intent regarding the UGBHEP.

**Direct comments/inquiries to:
Legislative Audit Division
Room 160, State Capitol
PO Box 201705
Helena MT 59620-1705**

01P-04

Help eliminate fraud, waste, and abuse in state government. Call the Fraud Hotline at 1-800-222-4446 statewide or 444-4446 in Helena.

PERFORMANCE AUDITS

Performance audits conducted by the Legislative Audit Division are designed to assess state government operations. From the audit work, a determination is made as to whether agencies and programs are accomplishing their purposes and whether they can do so with greater efficiency and economy. The audit work is conducted in accordance with audit standards set forth by the United States General Accounting Office.

Members of the performance audit staff hold degrees in disciplines appropriate to the audit process. Areas of expertise include business and public administration, statistics, economics, accounting, logistics, computer science, and engineering.

Performance audits are performed at the request of the Legislative Audit Committee which is a bicameral and bipartisan standing committee of the Montana Legislature. The committee consists of six members of the Senate and six members of the House of Representatives.

MEMBERS OF THE LEGISLATIVE AUDIT COMMITTEE

Senator Linda Nelson, Vice Chair
Senator Reiny Jabs
Senator Ken Miller
Senator Barry "Spook" Stang
Senator Mike Taylor
Senator Jon Tester

Representative Bruce Simon, Chair
Representative Beverly Barnhart
Representative Mary Anne Guggenheim
Representative Dick Haines
Representative Robert Pavlovich
Representative Steve Vick

LEGISLATIVE AUDIT DIVISION

Scott A. Seacat, Legislative Auditor
John W. Northey, Legal Counsel
Tori Hunthausen, IT & Operations Manager



Deputy Legislative Auditors:
Jim Pellegrini, Performance Audit
James Gillett, Financial-Compliance Audit

December 2000

The Legislative Audit Committee
of the Montana State Legislature

This is our performance audit report of the Upland Game Bird Habitat Enhancement Program (UGBHEP) within the Wildlife Division of the Department of Fish, Wildlife and Parks.

This report provides information to the legislature regarding the operation of the upland game bird habitat program. Overall, we found the department is addressing UGBHEP-related recommendations from previous performance audits of the Block Management Program and the Wildlife Division. However, we believe program administration could be further strengthened. Additionally, we recommend the legislature clarify the statutory language authorizing the UGBHEP. Responses from the department are contained at the end of the report.

We wish to express our appreciation to department personnel for their cooperation and assistance during the audit.

Respectfully submitted,

(Signature on File)

Scott A. Seacat
Legislative Auditor

Legislative Audit Division

Performance Audit

Upland Game Bird Habitat Enhancement Program

**Department of Fish, Wildlife and Parks
Wildlife Division**

Members of the audit staff involved in this audit were Lisa Blanford, Tom Cooper, Angie Grove, Kent Rice, Kent Wilcox, Kris Wilkinson, Mike Wingard, and Mary Zednick.

Table of Contents

	List of Figures and Tables	Page iii
	Appointed and Administrative Officials	Page iv
	Report Summary	Page S-1
Chapter I - Introduction	Introduction	Page 1
	Audit Objectives	Page 1
	Audit Scope and Methodology	Page 1
	Compliance	Page 3
	Management Memorandums	Page 3
	Report Organization	Page 3
Chapter II - Program Background	Introduction	Page 5
	Program History	Page 5
	Selection of UGBHEP Project Types and Location	Page 7
	Pheasant Releases	Page 9
	UGBHEP Administration	Page 11
	Site Selection Finalization Process	Page 11
	Site Monitoring Is Dependent on Project Size and Type	Page 12
	Post-Project Completion Reports Are Now Required	Page 12
	Cooperator Reimbursement Is Negotiated	Page 13
	Project Development Costs Are Generally Shared	Page 13
	UGBHEP Funding	Page 14
	Regional Allocation of Pittman-Robertson Funds	Page 17
	Review of UGBHEP Project Sites	Page 18
	Verify Project Existence	Page 20
	Determine Compliance with Contract Components	Page 20
	Public Access and Project Informational Signs	Page 20
	Summary Observations	Page 21

Table of Contents

Chapter III - UGBHEP Findings and Suggested Improvements	Introduction	Page 23
	Wildlife Division Audit Findings	Page 23
	Block Management Program Audit Findings	Page 25
	Contracted UGBHEP Evaluation	Page 26
	Contracted Project Evaluation Summary	Page 26
	Contracted Program Reception Summary	Page 27
	What Has the Wildlife Division Done in Response?	Page 28
	Program Administration Could Be Further Strengthened	Page 29
	Fiscal Controls	Page 29
	Unclear Cost-Share Contract Provisions	Page 29
	Inadequate Supporting Documentation for	
	Project Costs	Page 30
	Payment Supervisory Approval Not	
	Documented	Page 31
	No Assurance of Correct Payments	Page 31
	Management Controls	Page 32
	The UGBHEP Does Not Have Goals and	
	Objectives	Page 33
	UGBHEP Program Procedures	Page 34
	UGBHEP Management Information	Page 35
	Analysis of the UGBHEP Future	Page 36
Chapter IV - Legislative Considerations	Introduction	Page 39
	Legislature Should Clarify Statute	Page 39
Agency Response	Montana Department of Fish, Wildlife and Parks	Page 43
Appendix A	FWP Regions	Page 47

List of Figures & Tables

Tables

Table 1	UGBHEP Project Types	Page 6
Table 2	Regional UGBHEP Contract Data	Page 8
Table 3	Pheasants Released Under Pheasant Enhancement Program (Fiscal Years 1990-00)	Page 10
Table 4	UGBHEP Administration Expenditures (Fiscal Years 1996-00)	Page 15
Table 5	Comparison of UGBHEP Revenues and Expenditures (Fiscal Years 1988-00)	Page 16
Table 6	Fiscal Year 2001 Budgeted Regional Allocation of Pittman-Robertson Funds for UGBHEP Projects	Page 17
Table 7	Field Visit Results	Page 19

Appointed and Administrative Officials

Fish, Wildlife and Parks Commission

Stan Meyer, Chairman (Great Falls)

Dave Simpson, Vice Chairman, (Hardin)

Darlyne Dascher (Fort Peck)

Charles Decker (Libby)

Tim Mulligan (Whitehall)

Department of Fish, Wildlife and Parks

Pat Graham, Director

Rich Clough, Chief of Operations

Chris Smith, Chief of Staff

Don Childress, Administrator, Wildlife Division

Glenn Erickson, Chief, Management Bureau

John McCarthy, UGBHEP Manager

Introduction

Based upon comments and concerns from legislators and the general public regarding the Department of Fish, Wildlife and Park's Upland Game Bird Habitat Enhancement Program (UGBHEP), a performance audit was requested by the Legislative Audit Committee. To conduct the audit, we visited 65 habitat project sites located throughout the state, interviewed various department personnel, and reviewed program administration at both the regional and central office level.

Background

The UGBHEP was created by the legislature in 1989 by modifying an existing program created in 1987, known as the Pheasant Enhancement Program. The 1987 legislation for the initial pheasant program specified \$2.00 from each resident game bird license and \$23.00 from each nonresident game bird license be used to share in the cost of releasing pheasants into suitable habitat. The 1989 legislature added a provision to the original legislation which allowed unexpended pheasant release funds remaining at the end of the fiscal year to be devoted to development, enhancement, and conservation of upland game bird habitat. Since 1998, the FWP has supplemented the UGBHEP license revenues with federal Pittman-Robertson Act funds.

Habitat enhancement efforts as addressed in the 1989 legislation were intended to include assistance to landowners in the establishment of suitable nesting cover, winter cover, and feeding areas. UGBHEP projects generally complement existing agricultural uses and try to create a habitat that meets the needs of upland game birds. Upland game birds include grouse, partridges, turkeys, and pheasants. UGBHEP projects are typically cost-share arrangements developed on private lands. A contract between the department and landowner is developed. Contract length and cost-share arrangements vary according to project type.

The Pheasant release component of the UGBHEP is now a relatively small portion of the overall program. In 1999 the Legislature placed language in the General Appropriations Act which limited expenditures for pheasant releases to \$30,000 per year for the 2001 biennium. The FWP continues to accept applications from persons and organizations who wish to raise and release pheasants as part of the UGBHEP.

Report Summary

The UGBHEP is administered using FWP's decentralized organizational approach. There is a UGBHEP manager in Helena who is responsible for coordinating program outcomes and general program administration. This position reviews and approves project contracts, monitors and tracks overall program expenditures and project-related management information, and helps to establish a coordinated programmatic approach through policy and procedure decisions. The Wildlife Division administrator approves all proposed project contracts which exceed \$20,000. In the FWP regions, UGBHEP administration is primarily the responsibility of the Regional Wildlife Manager. However, the regional wildlife biologists are generally responsible for working with landowners and federal agencies to identify and develop potential project types and locations. If landowners are not willing to provide publicly listed hunting access to project sites and/or other lands, projects will not be placed on their land.

Upon selection and approval of a site and development of contract conditions, the project site is developed. The project type dictates the amount of landowner/cooperator involvement in the project. To compensate the cooperator for costs associated with project development, a cost-share agreement is negotiated during contract development. The UGBHEP manager indicated for current contracts the department expects the cooperator to pay or offer in-kind services of 10-15 percent of large projects (those exceeding \$20,000) and 25-30 percent of those projects where the costs are estimated to be under \$20,000. Many cooperators provide both in-kind services, such as planting and cultivation as well as funds for project materials. Cooperators are to submit receipts for project-related expenses to the biologist responsible for monitoring the project. Receipts are forwarded to Helena for processing and payment.

Review of UGBHEP Sites

As part of the review of UGBHEP we selected a sample of 65 project sites to visit. A variety of project types were included such as: shelterbelts, food plots, nesting cover, and range management systems. The purpose of the field visits was to:

- Verify project existence.
- Determine if contract components were completed.
- Look for evidence of public use.
- Determine if informational signs were posted at the sites to facilitate public access.

In most instances, we were accompanied to the project site by the biologist responsible for monitoring contract compliance. Audit work done during the site visits verified UGBHEP projects undertaken by the department and for the most part generally comply with contract stipulations. Overall, it appears projects benefit wildlife in terms of improving habitat. However, the amount or level of habitat improvement varies significantly from site to site and is not formally considered or measured by the department. Additionally, 54 percent of the 65 sites did not have informational signs indicating they were UGBHEP sites.

UGBHEP Findings and Suggested Improvements

Chapter III describes the results of our program review and provides recommendations to improve the UGBHEP. We included summaries of the Block Management Program and Wildlife Division performance audit report sections associated with the UGBHEP to provide the reader with a complete description of UGBHEP-related audit work. Additionally, we summarized a 1998 FWP-contracted evaluation of the UGBHEP which included site visits and information obtained from questionnaire results from interested parties. Since the contracted evaluation report of the UGBHEP and the two performance audit reports were issued, the department has taken a number of steps to improve program operations. On page 28 we outline the four most significant changes which specifically address noted evaluation recommendations.

While the department has or is making some changes to address previous findings, we determined there were several areas where program administration could be strengthened through operational

Report Summary

improvements. These areas include fiscal controls over project expenditures and management controls concerning overall program operations. We recommended the department strengthen fiscal controls over expenditures in the UGBHEP by:

- A. Clearly stating cost-share arrangements in the contracts.
- B. Providing additional guidance to staff responsible for reviewing and processing claims for payment.
- C. Requiring appropriate supporting documentation prior to payment.
- D. Documenting supervisory review and approval of claims prior to payment.
- E. Establishing a method for tracking location of contracts and related files.

While the statute authorizing the UGBHEP requires license revenues be used to preserve and enhance upland game bird populations, the department has not further refined this mandate into program goals and objectives. Rather, the department chose to let each region essentially operate the program as it saw fit. The lack of a centralized program focus has contributed to inconsistencies in program administration and operation. Some examples include lack of program performance measures, some project sites are of questionable value, and there is continuing controversy about hunter access to project sites. We recommended the department work with the regional staff to establish specific and formal program goals and objectives for the UGBHEP.

Since program inception in 1989 there have been at least three different program managers. Each has had to learn from experience about program administration and about the regional differences in program operation due to the lack of standardized program procedures. This type of informal approach has led to administration inconsistencies and region-to-region confusion. We recommended the department develop a formal procedure manual for the UGBHEP.

Based on our review/comparison of database information and project contracts, we determined there are inaccuracies with the individual elements which make up the program database. The effect of incomplete or inaccurate management information is two-fold. One,

inaccuracies potentially jeopardize the credibility of program information which provides output results. Secondly, programmatic or management decisions which are based on database information can be flawed or incorrect as a result of reliance on the data. We recommended the department ensure creation of accurate management information.

The UGBHEP has evolved from a pheasant release program to a statewide habitat enhancement program for upland game birds. The department has done minimal formal assessment of the impacts on habitat enhancement on bird populations and no assessment of their programmatic decisions. Due to potential changes in the Conservation Reserve Program (CRP), the large number of upcoming contract expirations, and the changing emphasis on preferred project types and locations, the department should be formally analyzing and reporting on these types of issues.

Legislative Considerations

The statutes authorizing the UGBHEP and its operations contain requirements for two very different program components. The original 1987 legislation was enacted to provide a pheasant release funding source. The 1989 legislative modifications provided for unspent pheasant release funds to be used for upland game bird habitat projects. This modification allowed the department to change emphasis and use the unspent funds from pheasant releases for development, enhancement, and conservation of upland game bird habitat. During the 1999 Legislative Session, the emphasis on pheasant releases was further de-emphasized when the language was placed in the General Appropriations Act to limit the use of UGBHEP funds for pheasant releases for the 2001 biennium.

The statutes authorizing the pheasant release and upland game bird habitat programs are confusing in terms of legislative intent. References to the program and the related requirements in the statute are not always clear. In addition, the language in the 2000-2001 appropriation bill limiting the funding only affects the current biennium. We believe the legislature needs to clarify the UGBHEP statutes and clearly establish the purpose of the two program components.

Chapter I - Introduction

Introduction

The Department of Fish, Wildlife and Parks (FWP) is responsible for management of Montana's wildlife and wildlife habitat. As a result of comments and concerns from legislators and the general public regarding the Upland Game Bird Habitat Enhancement Program (UGBHEP), a performance audit was requested by the Legislative Audit Committee. The UGBHEP was also a topic in both the Block Management Program (97P-10) and Wildlife Division (98P-11) audit reports which were issued in December 1999 and March 2000, respectively. This report further examines program administration and discusses legislative intent regarding the UGBHEP.

Audit Objectives

The primary audit objective was to provide information to the legislature on the UGBHEP by addressing the following:

1. Assess program compliance with statute and administrative rule criteria.
2. Develop comprehensive detailed information regarding program revenue and expenditures and review the associated fiscal controls over these funds.
3. Examine established program administrative and operational criteria for reasonableness.
4. Verify the existence of a sample of habitat projects and determine the sites' compliance with established contract conditions.
5. Review the Wildlife Division's implementation of UGBHEP-related audit recommendations made in the Wildlife Division and Block Management Program audit reports.

Audit Scope and Methodology

To address our objective, we compiled UGBHEP information from statutes, administrative rules, interviews with FWP personnel, and through on-site visits of existing habitat sites. We focused our attention on:

- < How project sites and type have been identified, prioritized, and approved.

Chapter I - Introduction

- < What types of monitoring have been done (fiscal and on-site) of habitat development and/or enhancement projects.
- < Project site accessibility to the public.
- < Overall program administration.
- < Legislative intent for the program.

In general, our audit period started with inception of the habitat enhancement portion of the UGBHEP in 1989 through June 30, 2000. We also gathered and reviewed information outside this audit period as needed to satisfy the audit objectives.

We gathered information regarding UGBHEP projects undertaken by the department. This included information on project type, location, number of contracts, and contract cost on a regional basis. Another component of the UGBHEP is the Pheasant Enhancement Program. We gathered statistics regarding pheasant releases conducted since 1989 including number of birds released and associated expenses.

We visited all seven FWP regions. We interviewed 16 biologists, one wildlife manager, and one regional supervisor. We also discussed program administration with the UGBHEP manager and the Wildlife Division administrator. While in the FWP regions, we visited 65 habitat sites and reviewed 71 contracts which represent approximately 10 percent of the total active program contracts. Appendix A shows a map of how the state is divided into regions.

In Helena, we reviewed/analyzed the contracts and financial documents associated with the sampled habitat sites as well as the database used to compile program management information. To help assess fiscal controls associated with program expenditures, we interviewed FWP personnel about payments for development and maintenance of individual projects, as well as other program expenditures.

As part of the audit, we also examined legislative intent regarding the program and assessed whether further legislative consideration should be given to future UGBHEP operations.

Compliance

We examined department compliance with laws and rules throughout the audit. Testing primarily focused on department efforts to address a noncompliance issue noted in the Wildlife Division (98P-11) audit report which was issued in March 2000. This issue related to landowner completion of post-project status reports. We found no new instances of noncompliance with this administrative rule provision during our most recent program evaluation. However, we did note a potential noncompliance issue with statute governing authorized use of funds. We referred the issue to our Financial-Compliance auditors currently conducting a department audit.

Management Memorandums

During the course of our review, we discussed two issues with the department. These issues are not the subject of recommendations in this report but were designated as management memorandums. One issue related to the need for UGBHEP project contracts to include provisions for LAD access to project-related documentation as required by statute.

Another memorandum addressed the need for revisions to the Administrative Rules of Montana (ARMs) relating to the UGBHEP. We noted there were several instances where ARMs should be updated to reflect current program operations.

Report Organization

The remainder of this report is divided into three chapters. Chapter II provides general background information on the UGBHEP. Chapters III and IV discuss our findings and present audit recommendations regarding the UGBHEP.

Chapter II - Program Background

Introduction

Section 87-1-201(1), MCA, assigns responsibility for supervision of all Montana's game and nongame birds to the Department of Fish, Wildlife and Parks (FWP). The FWP is a partially decentralized agency. The department has headquarters in Helena and seven regional offices throughout the state. Programs are coordinated in Helena and implemented through the seven regions.

The Wildlife Division is one of seven functions under the Chief of Staff. Three bureaus are in the Wildlife Division: 1) Habitat, 2) Management, and 3) Small Game/Nongame. The seven regions operate under the department's Chief of Operations. A supervisor administers each region and is responsible for all FWP activities within the region. A Wildlife Manager in each region is responsible for general administration of division activities and supervision of the regional biologists. This chapter describes the operation and administration of the Upland Game Bird Habitat Enhancement Program (UGBHEP) by Wildlife Division personnel in Helena and the regions.

Program History

The UGBHEP was created by the legislature in 1989 by modifying an existing program created in 1987, known as the Pheasant Enhancement Program. The 1987 legislation specified \$2.00 from each resident game bird license and \$23.00 from each nonresident game bird license be used to share in the cost of releasing pheasants into suitable habitat. The 1989 legislature added a provision to the original legislation allowing unexpended pheasant release funds remaining at the end of the fiscal year to be devoted to development, enhancement, and conservation of upland game bird habitat.

Habitat enhancement efforts as addressed in the 1989 legislation were intended to include assistance to landowners in the establishment of suitable nesting cover, winter cover, and feeding areas through cost-sharing programs, conservation easements and leases. UGBHEP projects generally complement existing agricultural uses and try to create a habitat that meets the needs of upland game birds. Upland game birds include the various species

Chapter II - Program Background

of grouse, partridges, turkeys, and pheasants. Habitat development has become the primary focus of the UGBHEP.

The pheasant release component of the program became a secondary focus. FWP cited two reasons for this: 1) low program interest in 1988 and 1989, and 2) they believe pheasant releases are not effective for increasing or sustaining existing populations due to high mortality of released birds. In addition, the 1999 Legislature placed language in the General Appropriations Act (HB 2) which limited expenditures for pheasant releases to \$30,000 per year for the 2001 biennium.

UGBHEP projects are typically cost-share arrangements developed on private lands. A contract between the department and landowner is developed. Contract length varies according to project type. The following table describes UGBHEP project types and typical length of contracts between the department and landowners (defined/described as cooperators in the contract).

Table 1
UGBHEP Project Types

<u>Type of Project</u>	<u>Typical Contract Term</u>	<u>Project Purpose</u>
Food Plot	1 year	Unharvested grain or other crops for food
Nesting Cover	10 years	Establish dense vegetation for bird nesting
Shelterbelt	15 years	Establish woody cover for shelter and food
Range Management	15 years	Improve existing habitat

Source: Compiled by the Legislative Audit Division from department records.

Selection of UGBHEP Project Types and Location

The selection process for UGBHEP projects has evolved since program initiation in 1989. Initially, wildlife biologists in each region actively recruited prospective cooperators and accepted nearly all applications received from landowners who were interested in creating or enhancing upland game bird habitat. Since the early years, a number of factors have changed FWP's approach to the selection and location of UGBHEP habitat projects. Due to advertising and initial program satisfaction spread by word-of-mouth, more landowners became interested in the program; thus, project funds available to meet demand had to be prioritized. FWP began to re-examine funding usage in terms of how to maximize both existing habitat and utilize the program in coordination with other department programs such as Block Management and Conservation Easements. A substantial number of the existing contracts were developed as a result of landowner decisions to place agricultural lands into the U. S. Department of Agriculture's Conservation Reserve Program (CRP). FWP personnel and numerous studies praised the CRP as beneficial to upland game bird populations and their associated habitat. At least partially as a result of CRP provisions, FWP personnel seldom need to recruit landowners for UGBHEP participation. In fact, wildlife biologists now often work with the federal officials responsible for the current CRP provisions to identify potential projects, but limit participation to only those landowners and project locations which help maximize UGBHEP benefits.

Also upon program establishment, FWP entered into agreements with county conservation districts, the Montana Salinity Control Association, local sportspersons' clubs, and chapters of Pheasants Forever, Inc. These agreements enabled FWP to enlist the assistance of these organizations in devoting and prioritizing resources to upland game bird habitat enhancement. UGBHEP funds have been used to purchase cultivation and tree planting equipment to be used as either part of project development or ongoing habitat project maintenance. Wildlife biologists in some regions focused on utilizing program funds to enhance the

Chapter II - Program Background

department's Block Management and Conservation Easement programs. This approach has also contributed to re-defining UGBHEP project types and the location of those projects since program initiation.

The following table outlines the reported number of acres enhanced by land management practices, by program type and region, as part of the UGBHEP. It also shows the reported total project costs to date for the active projects in the regions. This information is cumulative since program initiation in 1989 and is from unaudited department program reports collected during the audit.

Table 2
Regional UGBHEP Contract Data
(July 1, 1989 through December 31, 2000)

<u>Region</u>	<u>Contracts</u>	<u>Open Acres</u>	<u>Shelterbelts</u>	<u>Food Plots</u>	<u>Nesting Cover</u>	<u>Range Management</u>	<u>Wetlands</u>	<u>Cost To Date</u>
1	8	159	4	1	4	3		\$ 28,937
2	33	652	27	33	2	0		\$ 144,664
3	15	2,407	12	5	6	3		\$ 95,359
4	147	42,880	116	31	67	11	5	\$1,344,155
5	38	14,567	21	9	14	7		\$ 518,065
6	274	198,275	89	14	186	24	4	\$3,383,143
7	92	207,931	41	22	45	18		\$2,503,559
TOTAL	607	466,871	310	115	324	66	9	\$8,017,882

Source: Compiled by the Legislative Audit Division from department records.

Chapter II - Program Background

Pheasant Releases

The Pheasant Release component of the UGBHEP is now a relatively small portion of the overall program. However, FWP continues to accept applications from persons and organizations who wish to raise and release pheasants as part of the UGBHEP. There are statutory and administrative rule requirements for the raising and release of pheasants relative to reimbursement, age of the bird at release, release conditions, and timing of the release. The following table illustrates the annual number of pheasant releases and associated payments for those releases since 1990.

Chapter II - Program Background

Table 3
Pheasants Released Under
Pheasant Enhancement Program
(Fiscal Years 1990-00)

Fiscal Year	County	Region	Number Released	Number of Landowners	Cost
1990	Sheridan	6	7,214	N/R	\$21,642
1991	N/R	N/R	326	2	\$978
1992	N/R	6	1,717	12	\$5,151
1993	Sheridan	6	283	1	\$849
	Ravalli	2	110	1	\$330
	Powell	2	35	1	\$105
	Park	3	200	1	\$600
1994	Ravalli	2	100	N/R	\$300
	Carbon	5	91	1	\$271
1995	Park	3	200	1	\$600
	Hill	6	69	1	\$207
	Valley	6	164	N/R	\$492
1996	Sheridan	6	8,619	36	\$26,193
1997	Sheridan	6	18,287	49	\$54,861
	Carter	7	192	1	\$576
1998	Sheridan & Daniels	6	38,726	64	\$116,178
1999	Sheridan & Daniels	6	11,801	65	\$35,403
2000	Sheridan & Daniels	6	607	2	\$1,821
2001	Sheridan & Daniels	6	3,741	37	\$11,223
Total			92,482	275	\$277,780

N/R = Not Reported

Source: **Compiled by the Legislative Audit Division from department records.**

Chapter II - Program Background

UGBHEP Administration

The UGBHEP is administered following FWP's decentralized organizational approach. A UGBHEP manager in Helena is responsible for coordinating program outcomes and general program administration. This position reviews and approves proposed project contracts under \$20,000, makes regional allocations of program funds, monitors and tracks overall program expenditures and project-related management information, and helps establish a coordinated programmatic approach through policy and procedure decisions. An administrative assistant provides support to the UGBHEP manager. The Wildlife Division administrator approves all proposed project contracts exceeding \$20,000.

In the FWP regions, UGBHEP administration is primarily the responsibility of the Regional Wildlife Manager. This person is responsible for assessing and providing initial approval of proposed projects as well as coordinating the region's approach to the UGBHEP. Wildlife biologists are generally responsible for working with landowners to identify and develop potential project locations and project types. Landowners, federal agencies, and biologists help identify potential projects. According to our interviews with biologists, the key question asked of potential cooperators are whether they are willing to allow reasonable, free hunter access to the project site and/or other lands controlled by the landowner, and more recently whether they are willing to have this access listed publicly. If a landowner is not willing to provide publicly listed access a project will not be placed on his/her land.

Site Selection Finalization Process

Upon selection of a possible site, the biologist and landowner jointly develop a project application. Since mid-1999, biologists have been required to complete a project evaluation form to determine the potential and need for a project. The evaluation form requires the biologist to score a potential project on various criteria including acreage, existing habitat, quality/type of adjoining or nearby land, amount of landowner cost-share, and type of project proposed. According to the form and interviews with biologists and the UGBHEP manager, special or unique project characteristics which are not scored, can and may override some or all of the scored characteristics. Depending upon the biologist and project, associated

Chapter II - Program Background

documentation and/or descriptions of the proposed project are developed to fully detail project benefits. The completed evaluation form and project application are reviewed and approved by the wildlife manager prior to submittal to the Helena office for final approval. According to the UGBHEP manager, nearly all projects approved by the region are subsequently approved in Helena, assuming program funds are available

Site Monitoring Is Dependent on Project Size and Type

Upon approval from the Helena office, a signed contract is sent to the landowner for a signature and a signed contract copy is forwarded to the regional office. Original contracts are retained in Helena. At this point, the biologist assumes responsibility for assuring contract conditions are met. The type and number of contract conditions and subsequent monitoring requirements depends on the project type. For example, if the cooperator contracted to provide a food plot, it is likely the only contract condition to monitor will be determining the plot exists and is the agreed upon size and location. A food plot contract may only be for one year, so that would be the length of the monitoring responsibility. If the cooperator contracted for a shelterbelt, there can be numerous contract requirements or monitoring points. These monitoring points could include assuring tree placement was done as specified, whether agreed upon irrigation and cultivation is being done, etc. The actual level of contract monitoring in terms of how often site visits are conducted depends upon numerous factors. They include project type, location, and, more importantly, the biologist's determination of the importance of project monitoring relative to other competing job priorities and responsibilities.

Post-Project Completion Reports Are Now Required

Within 60 days of cooperator completion of a contract, administrative rules state the cooperator is to submit a report to FWP describing various project aspects including acreage enhanced, activities accomplished, costs of activities, and verification of on-site inspections by FWP personnel. Until recently, the FWP did not require the cooperators to submit this report.

Chapter II - Program Background

Cooperator Reimbursement Is Negotiated

The amount and timing of cooperator reimbursement for completion of contract requirements is dependent upon project type and negotiations between the cooperator and the department. In the early years of the program, the cooperator was often responsible for all aspects of project development. More recently, the department assumed responsibility for various project development components, although the landowner is still responsible for some components depending upon the project. For example, if a shelterbelt is to be developed, the biologist will typically order and approve payment for the trees and fabric often used in association with shelterbelts. On the other hand, if the cooperator is creating dense nesting cover, the cooperator is usually responsible for obtaining and paying for the specified grass seed mixtures used to create this habitat.

Department records and our observations revealed habitat projects often involve several project types as part of a single contract. For example, a cooperator will develop a shelterbelt as well as dense nesting cover and possibly food plots. Project size and components are dependent upon project location, associated habitat, and willingness of the cooperator.

Project Development Costs Are Generally Shared

To compensate the cooperator for costs associated with project development, a cost-share agreement is negotiated during the initial project proposal phase. While we noted variability in cost-share arrangements from our contract review (100 percent FWP cost assumption to approximately a 70 percent FWP cost assumption), the UGBHEP manager indicated cost-shares depend on the project. For example, he indicated in recent contracts the department expects the cooperator to pay or offer in-kind services of 10-15 percent of large projects (those exceeding \$20,000) and 25-30 percent of those projects where the costs are estimated to be under \$20,000. Many of the cooperators provide both in-kind services, such as planting and cultivation, as well as funds for project materials.

The amount of compensation the department will pay for specific projects has been partially standardized in published guidelines and informal department policy. Cooperators are to submit receipts for project-related purchases to the biologist. Receipts are forwarded to

Chapter II - Program Background

Helena for processing and payment. Receipts are to be reviewed by the regional biologist and UGBHEP manager to ensure compliance with established contract requirements prior to payment. The number and amount of payments depends upon project type, when completed, and cooperator preferences. However, in recent years many of the projects have been reimbursed in one payment to simplify accounting processes.

UGBHEP Funding

The UGBHEP has two primary funding sources: license dollars derived from the sale of upland game bird hunting licenses to residents and non-residents; and a departmental allocation of federal Pittman-Robertson Act funds. Section 87-1-247, MCA, states not more than 10 percent of money generated from bird hunting licenses may be used by the department for administrative-type expenditures including:

- < Prepare and disseminate program information.
- < Review potential pheasant release sites.
- < Assist applicants in preparing management plans for project areas.
- < Evaluate the UGBHEP.

The following table shows reported administrative expenditures for the previous five fiscal years and the percentage of those expenditures in relation to bird hunting license revenues.

Chapter II - Program Background

Table 4
UGBHEP Administration Expenditures
(Fiscal Years 1996-2000)

<u>Fiscal Year</u>	<u>Administrative Expenditures</u>	<u>% of License Revenues</u>
1995-96	\$50,240	7.37%
1996-97	\$53,936	7.28%
1997-98	\$37,281	5.06%
1998-99	\$56,263	7.54%
1999-00	\$55,545	6.78%

Source: Compiled by the Legislative Audit Division from department records.

The remainder of the funds must be used for the cost of releasing pheasants and to develop, enhance, and conserve upland game bird habitat.

The following table contains revenue, expenditure, and fund balance for the UGBHEP from program inception to the most recently completed fiscal year.

Chapter II - Program Background

Table 5

Comparison of UGBHEP Revenues and Expenditures
(Fiscal Years 1988 through 2000)

<u>Fiscal Year</u>	<u>License Revenue</u>	<u>Federal Revenues</u>	<u>Expenditures</u>	<u>Fund Balance</u>
1987-88	\$ 426,410	\$ ---	\$ 24,632	\$ 401,778
1988-89	590,534	---	26,072	996,226
1989-90	596,666	---	120,765	1,442,128
1990-91	608,631	---	608,893	1,441,866
1991-92	665,303	---	757,394	1,349,775
1992-93	683,279	---	1,215,790	816,263
1993-94	659,332	---	976,015	499,579
1994-95	685,515	---	1,096,790	88,304
1995-96	681,767	---	522,212	247,859
1996-97	740,995	---	879,120	109,693
1997-98	736,241	281,094	1,129,859	(2,831)
1998-99	746,389	210,000	546,993	*489,797
1999-00	<u>819,678</u>	<u>196,155</u>	<u>423,083</u>	1,082,547
Total	\$8,640,740	\$ 687,249	\$8,327,618	

*Includes adjustments to fund balance made in February 1999.

Source: Compiled by the Legislative Audit Division from
Statewide Budgeting and Accounting System
records and the Statewide Accounting, Budgeting
and Human Resource System.

The license revenues in the above chart include interest earned from placement of unallocated funds in the state's Short Term Investment Pool. The expenditures category includes all funds used for projects, agreements with state and local agencies which provide goods and services for the program, and administrative expenditures. The fund balance represents the total funds available for the UGBHEP at the end of each fiscal year.

Chapter II - Program Background

Regional Allocation of Pittman-Robertson Funds

According to the UGBHEP manager, current funding allocations to the regions are based on prior year expenditures. Prior to 1999, there was not a specific allocation process, rather, the funding authority was based on the number of project proposals submitted. At present, the UGBHEP manager retains control of the revenues generated from bird hunting license sales to use for projects or expenses such as range management projects, state nursery tree payments, etc., that can be allocated to any of the seven regions. Currently, each region also gets a portion of the Pittman-Robertson Act funds for use on smaller projects, such as food plots, nesting cover, and shelterbelts. The following table shows the budgeted allocation of Pittman-Robertson funds for regional UGBHEP projects for fiscal year 2000-01.

Table 6

**Fiscal Year 2001 Budgeted Regional
Allocation of Pittman-Robertson Funds
for UGBHEP Projects**

<u>Region</u>	<u>Fiscal Year 2000-01</u>
1	\$ 10,000
2	10,000
3	10,000
4	40,000
5	20,000
6	70,000
7	<u>50,000</u>
Total	\$210,000

Source: Compiled by the Legislative Audit Division
from department records.

Chapter II - Program Background

Review of UGBHEP Project Sites

During review of the UGBHEP, we selected a sample of project sites to visit. A variety of projects were included in the sample such as: shelterbelts, food plots, nesting cover, and range management systems. The contract period included in our sample ranged from 1990 through 2000 and included both current and expired contracts. Contract terms ranged from one year through twenty years.

The purpose of the field visits was to:

- < Verify the project exists.
- < Determine if contract components were completed.
- < Look for evidence of public use.
- < Determine if informational signs were posted at the sites to facilitate public access.

The following table summarizes the results of our review of UGBHEP project sites.

Chapter II - Program Background

Table 7
Field Visit Results

<u>Region</u>	<u>Sites Visited</u>	<u>Contracts Involved</u>	<u>Cooperators Involved</u>	<u>Regional Contract Amount</u>	<u>Project Exists?</u>	<u>Contract Components Done?</u>	<u>Evidence of Public Use?</u>	<u>Informational Sign at Project?</u>
1	6	7	6	\$22,937	Yes 7 No 0	Yes 7 No 0	Yes 7 No 0	Yes 3 No 4
2	4	4	4	\$5,338	Yes 4 No 0	Yes 4 No 0	Yes 3 No 1	Yes 2 No 2
3	2	2	2	\$39,107	Yes 2 No 0	Yes 2 No 0	Yes 2 No 0	Yes 2 No 0
4	17	18	17	\$224,249	Yes 18 No 0	Yes 15 No 3	Yes 8 No 10	Yes 1 No 17
5	15	17	15	\$323,631	Yes 16 No 0 u/d 1	Yes 15 No 1 u/d 1	Yes 12 No 4 u/d 1	Yes 4 No 12
6	14	15	12	\$428,285	Yes 15 No 0	Yes 15 No 0	Yes 13 No 2	Yes 13 No 2
7	7	8	7	\$414,914	Yes 8 No 0	Yes 7 No 1	Yes 7 No 1	Yes 0 No 8
Totals	65	71	63	\$1,458,461	Yes 70 No 0 u/d 1	Yes 65 No 5 u/d 1	Yes 52 No 18 u/d 1	Yes 25 No 45

u/d - unable to determine as file lacked a detailed site map.

Source: Compiled by the Legislative Audit Division.

We visited a total of 65 UGBHEP project sites. These project sites involved 71 contracts and 63 different cooperators. A single project site can have multiple contracts, each involving different aspects of habitat enhancement. For example, one project site

Chapter II - Program Background

included a shelterbelt in the first contract with the department and a subsequent contract involved implementation of a grazing management system. The sampled projects involved work totaling over \$1.4 million. For the majority of our visits, we were accompanied by the FWP biologist responsible for site development and monitoring.

Verify Project Existence

We were able to verify the existence of 70 of 71 UGBHEP project sites. We were unable to verify existence of one project as no detailed map to the project existed, and department staff no longer remembered the exact site location. This project was undertaken in 1992 and involved food plots and fencing.

Determine Compliance with Contract Components

Once at a site, we inspected the project to determine whether various components listed on the contract were completed. Contract components include things such as: fencing, irrigating, cultivating, planting nesting cover, leaving crops unharvested as a food source, and installing of fabric mulch in shelterbelts. We found projects were completed as specified for 65 of 71 contracts. Five of the sampled projects did not comply with all terms of the contract. Four sites were to be routinely cultivated as a weed management tool. Cultivation was not performed. We also found one project which had been abandoned with only a portion of the shelterbelt planted.

Public Access and Project Informational Signs

According to department personnel, one purpose of the UGBHEP is to generate additional public access to private lands. Statute and administrative rules contain a requirement that all projects on private land be open to public hunting for upland game birds. In addition, contracts stipulate reasonable hunter access is to be allowed at the project site. During site visits, we looked for evidence of public use such as vehicles or hunters at the site, designated parking areas, sign-up stations, shotgun shell casings, and an obvious access point to the site. We found evidence of public use at 73 percent of the sites.

Public use is also encouraged through the use of project signing. Current contracts contain a clause which specifies cooperators agree to “permit department representatives to sign the project area with

Chapter II - Program Background

UGBHEP signs.” In addition, sportspersons’ groups who assist in developing projects also sometimes provide project signs to facilitate public access. We found 46 percent of the 65 projects had an informational sign posted at the site while 54 percent did not. Interviews with regional staff suggested many landowners do not want the project sites “signed” and there is also some question as to where to locate signs when a project is in a remote area.

Summary Observations

Audit work done during site visits verified UGBHEP projects undertaken by the department in fact exist and for the most part generally comply with contract stipulations. Overall, it appears projects benefit wildlife in terms of improving habitat. In support of this we saw upland game birds at many project sites. However, the amount or level of improvement varies significantly from site to site and is not formally considered or measured by the department. For instance, shelterbelts that are irrigated and have mulch fabric around the trees, or cultivated to reduce weeds, are more successful in becoming established and providing improved habitat. Conversely, shelterbelts which are not irrigated or mulched are not as successful in terms of growth and habitat provision. A mitigating factor which needs to be mentioned is our site visits were done at a time of record drought in many parts of the state. This also impacted project success.

In Chapter III we discuss our past and current reviews of the operational aspects of the UGBHEP and make recommendations for improving overall program administration.

Chapter III - UGBHEP Findings and Suggested Improvements

Introduction

This chapter describes the results of our review of the UGBHEP and provides recommendations to improve the program. The UGBHEP was recently evaluated both by the Legislative Audit Division in 1999 (Wildlife Division 98P-11) and Block Management Program (97P-10) and by a department-contracted study to examine program effectiveness in the latter part of 1997. Due to the type of recommendations resulting from these evaluations and how recently they were issued, we believe the reader should be aware of all the program findings when considering the UGBHEP. We start this chapter with a summary of the other three program evaluations.

Wildlife Division Audit Findings

The Wildlife Division performance audit report included four recommendations related to the UGBHEP. The following summarizes each of the issues leading up to the recommendation and presents the department's response to the recommendation.

Issue #1: The department does not have a system for monitoring landowner compliance with all types of habitat project contracts. The UGBHEP relies on landowners or cooperators submitting invoices for project costs and an informal monitoring approach by the biologists to assess contract compliance and project status. Administrative rules requiring the landowner to submit project status reports which include department representative verification of project completion were not being complied with. We recommended (#8) the department should establish a compliance monitoring system for UGBHEP projects. The department concurred with the recommendation and indicated systems would be developed by 2001 to ensure contract compliance.

Issue #2: The department has not set measurable program objectives or developed a system for evaluating program success for the UGBHEP. The department relies primarily on previous academic research or other studies to justify the types of habitat projects it funds. Since the

Chapter III - UGBHEP Findings and Suggested Improvements

purpose of habitat projects is to protect or enhance habitat to benefit wildlife, we recommended (#9) the department implement a system for evaluating habitat projects to measure the effect projects have on habitat and wildlife. The department concurred with the recommendation and indicated they would develop a system for prioritizing habitat projects for measuring the effectiveness of their conservation efforts. They further indicated a prioritized list would be developed by November 2000, with further refinements coming by 2001 and annual reporting on effectiveness measures being implemented by fiscal year 2002.

Issue #3: Although all UGBHEP projects require reasonable public access, the term “reasonable” is not defined, and the department does not consistently define the term in project contracts. Relative to UGBHEP projects, the department concentrates on habitat enhancement or development and considers access a secondary benefit. We recommended (#10) the department establish policies to clarify public access requirements in each habitat contract. The department concurred and stated draft policy recommendations would be made to the director by November 2000.

Issue #4: During the audit, the UGBHEP was under the supervision of the division’s Wildlife Management Bureau instead of the Habitat Bureau because of its original focus on pheasant releases. Since the UGBHEP focuses on habitat enhancement and there are other habitat programs within the division there was concern about coordination between the programs. We recommended (#11) the department create a system which emphasizes coordination between wildlife and habitat activities at the program level. The department concurred and stated increased coordination would be necessary. The department did not establish a time frame for implementation of the recommendation. However, FWP

Chapter III - UGBHEP Findings and Suggested Improvements

officials indicated various efforts are underway to increase formal coordination.

As part of our current review of the UGBHEP, we inquired about the status of the department's implementation of the above recommendations. This implementation status will be discussed in the section of this chapter following the discussion of the contracted UGBHEP evaluation.

Block Management Program Audit Findings

The Block Management Program performance audit report included a two-part recommendation regarding the UGBHEP. The following summarizes the issues leading up to the recommendations and presents the department's report response.

Issue #1: The department has three programs which address access to private lands for free public hunting. The Block Management Program provides landowners with tangible benefits to offset the impacts of hunters. The UGBHEP increases habitat for birds and other wildlife, and requires the landowner to provide free public hunting in the project area. Conservation Easements have contract language requiring landowners to allow free public hunting. Audit work showed FWP staff did not coordinate the access portions of the three programs. Additionally, audit work determined advertising and public information about the UGBHEP was essentially non-existent.

Recommendation #2 in the Block Management Report stated the department should develop methods to: a) coordinate access provided under the above noted programs, and b) publicize and monitor hunting on conservation easements and UGBHEP projects. The department concurred with the recommendation and stated program coordination efforts would be implemented by the 2000 hunting season and appropriate information about these programs would be available to the public by the 2001 hunting season.

Chapter III - UGBHEP Findings and Suggested Improvements

The section following the contracted evaluation discusses the Wildlife Division's implementation of the recommendations.

Contracted UGBHEP Evaluation

In July 1997 the department contracted with Natural Resource Options, Inc. to review and evaluate approximately 10 percent of the UGBHEP projects. Seventy cooperators were selected, with 123 contracts among them. The contracts selected included the 10 largest contracts in terms of money and 20 of the next 50 largest contracts. Projects from all regions were selected for review.

The contracted firm mailed questionnaires to cooperators, visited project sites, interviewed cooperators, and interviewed department personnel about the UGBHEP. Additionally, various chapters of Pheasants Forever, Inc. and other sportspersons' groups were asked for input regarding the UGBHEP. Each site was evaluated for its contribution to upland game bird habitat. The following is a paraphrased version of the contractor's published summary of their project evaluations and overall observations.

Contracted Project Evaluation Summary

1. Woody plantings (shelterbelts) had different successes throughout the state.
2. The food plots that were evaluated provided an important winter food source for birds.
3. Much of the dense nesting cover land that was evaluated had been planted in conjunction with the Conservation Reserve Program (CRP). The dense nesting cover was working as a successful habitat enhancement.
4. Range management projects, which also encompassed most of the fencing and water improvement projects, have proven to be an effective means for wildlife habitat enhancement. The main concern regarding range management projects lies in **adequate follow up monitoring**. (Emphasis added)
5. The habitat enhancement provided by aspen regeneration projects seemed worthy of program dollars, but no monitoring of ruffed grouse population counts were conducted before or after regenerating the aspen.

Chapter III - UGBHEP Findings and Suggested Improvements

Contracted Program Reception Summary

6. Pheasant release projects were highly controversial. A statewide policy regarding raising, banding and releasing the pheasants appeared to be lacking.
 7. Memoranda of Understanding contracts (with conservation districts and other organizations) have been well received by the cooperators involved with them.
1. Landowner reception to the program was positive. The largest benefit gained by the landowners involved is the personal satisfaction in knowing they are enhancing or creating habitat for upland bird populations.
 2. FWP personnel like the program and believe it has many benefits to offer. However, most department staff members have difficulty finding the time to properly initiate and follow-up on projects.
 3. Public reception to the program is good. Hunters like to know their bird hunting license dollars are being used to improve hunting opportunities. The program also helps create accessible public hunting lands.

In addition to project and public reception evaluations, the contractor suggested another area needing assessment was the quality of contracts written between cooperators and FWP. They indicated contracts follow most of the administrative rules, but slight changes need to be made to ensure all guidelines are being followed.

Specifically, they noted written project applications were not found in most project files, some projects seemed to be closed to public access even if they were not due to unclear use of signs, and there were no project completion reports from cooperators in the files. Other observations by the contractor included:

1. A database of various projects would be helpful in monitoring program success. (A database was being compiled by FWP at the time the contracted report was issued.)
2. Neighboring states have similar programs, but none seem to have any definite advantage over Montana's UGBHEP.

Chapter III - UGBHEP Findings and Suggested Improvements

In summary, the contractors determined the UGBHEP was a very worthwhile program, with a wide variety of benefits gained by landowners, hunters, FWP personnel, and wildlife. However, after researching and visiting pheasant release sites, they recommended that while existing projects should be continued, no new release projects should be initiated. This was due to their high failure rate, controversial status, and poor cost return per bird.

As with the recommendations made in the Wildlife Division audit report, we discuss department actions concerning the consultant report findings in the next section of this chapter.

What Has the Wildlife Division Done in Response?

Since the contracted evaluation report of the UGBHEP and the two performance audit reports were issued, the department has taken a number of steps to improve program operations. The following lists the most significant changes which specifically address noted evaluation recommendations.

1. Establishment of a project evaluation scoring procedure to more formally document the selection of UGBHEP project sites. The scoring forms have been reviewed, utilized, and revised by regional biologists over the past year. The need for additional refinement is being discussed by some biologists. Additionally, the biologists and cooperators are now required to submit both pre-and post-project reports which help address applicable administrative rules.
2. In response to concerns about public accessibility to project sites, the department created lists of the names and locations of existing cooperators and distributed them to the FWP regional offices. Also, at each regional office there are now maps showing the location of UGBHEP project sites which are greater than 40 acres in size.
3. The wildlife managers in each region have been directed to submit UGBHEP project site monitoring plans. According to FWP personnel and one of the draft monitoring plans, it is likely future monitoring efforts will be done by a combination of biologist visits and contracted reviews. Potentially, these monitoring efforts will incorporate some performance outcome measures as part of the habitat site review.

Chapter III - UGBHEP Findings and Suggested Improvements

4. The department has continued to assess and refine the project contract language to help ensure both the cooperator and the biologists are aware of all contract requirements which must be addressed during the contract period. These changes should help focus monitoring efforts on project development instead of on extraneous details.

Program Administration Could Be Further Strengthened

The department has or is making some changes to address our previous audit findings. No new instances of statutory or administrative rule noncompliance were noted with regard to recently initiated UGBHEP projects. However, we did determine there are several areas where program administration could be strengthened through operational improvements. These areas include fiscal controls over project expenditures and management controls concerning overall program operations.

Fiscal Controls

All costs incurred for UGBHEP projects are paid centrally through the department's Helena office. Regional offices submit project bills supplied by the cooperators to the central office for processing and payment. The Wildlife Division reviews the bills or invoices for reasonableness and compliance with contract stipulations, and then submits the invoices and a request for payment to the Administration and Finance Division for payment.

Good fiscal controls require detailed invoices and other supporting documentation prior to payment. Controls should also include a comparison of invoices against contracts to ensure compliance with contract requirements and dollar amounts. This provides assurance only services, equipment, and materials required in the contract are paid. During the audit, we examined fiscal controls and found improvements could be made in several areas.

Unclear Cost-Share Contract Provisions

Contracts for UGBHEP projects should specify project cost and cost-share arrangements. Project cost sharing typically involves the department and landowner/cooperator. Other parties such as sportsperson groups or other governmental entities can agree to share a portion of a project's cost. A common arrangement is for the department to be responsible for a percentage of the project costs while the landowner and sportspersons' group, such as Pheasants

Chapter III - UGBHEP Findings and Suggested Improvements

Forever, Inc., or a federal agency split the remaining percentage. During our review of contracts, we noted two problems relative to cost-share provisions. First, cost-share arrangements are not clearly specified in all contracts, especially those from 1990 to 1997. It is difficult to determine the department's cost responsibility on these contracts. We also found instances where cost-share arrangements had been altered on the original contract without documentation as to who altered the arrangement or why. Many of these changes increased the cost-share responsibility of the department.

Inadequate Supporting Documentation for Project Costs

UGBHEP project costs are typically paid as they are completed. In some cases, payments are made once initial work is finished, while other payments are on-going until the contract term expires. During our review of project cost-related documentation, we found inadequate supporting documentation for costs incurred for projects in a sample from fiscal year 1998-99. For example, the department lacked supporting documentation for payments made during fiscal year 1998-99 for twelve of the sixteen projects reviewed. In some cases there were no receipts to support payments made by the department. In other cases, supporting documentation was inadequate and consisted of a hand-written note rather than actual invoices for material, equipment and labor purchases. For 6 of the 16 sampled projects, we were unable to locate contracts and supporting documentation for project payments. The following examples illustrate problems noted during our review:

- < Payment was made on a grazing management project which included fencing, stock tanks and piping. The only supporting documentation for the payment was a hand-written note. There were no receipts for purchase of fencing materials, pipe supplies, or stock tanks. Payment for this portion of the contract totaled over \$31,800.
- < Two payments were made on another project for a total of \$6,894. Department staff was unable to locate any supporting documentation for the payment. They were also unable to locate the contract for this project.

Chapter III - UGBHEP Findings and Suggested Improvements

Payment Supervisory Approval Not Documented

The UGBHEP manager reviews invoices and requests for payments prior to processing by accounting staff. During this review, invoices are compared to contracts to ensure payment is made in accordance with contract provisions. However, there is no documentation of this supervisory review. Therefore, no “audit trail” exists which denotes supervisory review was in fact performed prior to payment.

No Assurance of Correct Payments

As a result of limited fiscal controls, some projects were paid with little or no supporting invoices. Without adequate fiscal controls, the department has little assurance payments are correctly made in accordance with contract provisions. For the 16 projects we examined, there were payments totaling \$88,333. We found 62 percent of this total, or \$54,726, was paid without sufficient documentation.

It appears a combination of factors contributed to this issue. Previous contract boilerplate language and format did not clearly define cost-share responsibilities. Contract boilerplate language has been recently modified to include cost-share information; however, this information is not always provided when a contract is signed. In addition, staff responsible for reviewing and processing payments have received little or no guidance on what aspects constitute good fiscal controls. Another contributing factor is the current filing system often has invoices for separate contracts with the same cooperator intermingled. In addition, there is no reliable “inventory” list of contracts and contract addendums, and no system for tracking where files may be located.

The department needs to take steps to strengthen fiscal controls over upland game bird habitat enhancement projects. Implementing these recommendations will result in a more structured and thorough billing review effort and provide additional assurance the department is not paying for unnecessary or unreasonable expenditures.

Chapter III - UGBHEP Findings and Suggested Improvements

Recommendation #1

We recommend the department strengthen fiscal controls over expenditures in the UGBHEP by:

- A. Clearly stating cost-share arrangements in contracts.**
- B. Providing additional guidance to staff responsible for reviewing and processing claims for payment.**
- C. Requiring appropriate supporting documentation prior to payment.**
- D. Documenting supervisory review and approval of claims prior to payment.**
- E. Establishing a method for tracking location of contracts and related files.**

Management Controls

Typical management controls include program goals and objectives, formal and detailed policies and procedures, accurate and readily-accessible management information, as well as short and long-term programmatic planning. The UGBHEP has been operational for approximately ten years. It has evolved from a pheasant release program to a statewide habitat enhancement program with over 600 active contracts. It has also gone from a program which needed to be actively promoted by FWP personnel by recruiting of landowners to a program which has landowners on a waiting list due to funding limitations. We concluded several factors have contributed to weaknesses in the management controls used to administer the UGBHEP. These factors include speed of program evolution, the de-centralized nature of the program, and turnover in program management personnel. The following sub-sections describe the noted management control weaknesses.

Chapter III - UGBHEP Findings and Suggested Improvements

The UGBHEP Does Not Have Goals and Objectives

While the statute authorizing the UGBHEP requires bird hunting license revenues to be used exclusively to preserve and enhance upland game bird populations, the department has not further refined this mandate into program goals and objectives. Rather than establishing specific criteria (goals and objectives) for program administration, the department chose to let each region essentially operate the program as they saw fit. As a result, each region was allowed to determine size, type, and location of projects, what and whether proposed and contracted project sites should have performance measures, what details would be included in project contract language, project signage, and what level of contract monitoring to perform. Although decision-making at the regional level is the essence of the department's de-centralized organizational structure, lack of a centralized program focus has contributed to inconsistencies in operation of the UGBHEP. For example, as a result of our file reviews and on-site observations, we found several project sites of questionable value due to their location. In some instances, the location issue resulted from the lack of other necessary habitat factors at the site, such as a water source or adjacent nesting cover. In other instances, the location issue related to a project site's overall remoteness. Conversely, there were also project sites which were so close to residences and/or to livestock enclosures to render them highly questionable in terms of hunter access, which is one of the factors to be considered in site selection.

In the Wildlife Division and Block Management Program audits and during the current fieldwork for this report, the definition of reasonable hunter access has been an issue of contention. Instead of the department establishing a statewide position on how to approach this matter through program goals and objectives, regional personnel have been given the discretion to establish the relative importance of hunter access versus habitat enhancement at each of the project sites through development of contract conditions. Partly as a result of the lack of overall goals and objectives, hunter access to the UGBHEP projects continues to be an ongoing controversy between the department and some sportspersons' groups and individuals as well as with landowners/cooperators.

Chapter III - UGBHEP Findings and Suggested Improvements

An additional effect of not having overall program goals and objectives is evident from previous program evaluations. By not having established any program purpose other than creating/enhancing habitat, the department did not develop outcome measures with which to assess overall program performance. Therefore, while the UGBHEP has created or enhanced habitat sites, there is no formal measurement of how this has specifically affected upland game bird populations. We believe UGBHEP goals and objectives which are developed with input from regional personnel could provide better program focus.

Recommendation #2

The department should work with the regions to establish specific and formal program goals and objectives for the UGBHEP.

UGBHEP Program Procedures

Our interviews with regional personnel, file reviews, and overall program assessment suggests the department should create a formal procedure manual for the UGBHEP. At present, there is no formalized documentation regarding such program operational aspects as:

- < Use of the project evaluation scoring form.
- < Biologist monitoring procedures and/or how to address issues such as cooperator non-compliance, future assessment of projects for modifications or additions, and suggested monitoring time frames.
- < Cost-share negotiations with cooperators.
- < Use of contract amendments and potential extensions of contract periods.
- < Negotiation and documentation of hunter access (type and amount) to the project site and inclusion of other cooperator lands as part of the project contract.

Chapter III - UGBHEP Findings and Suggested Improvements

- < Review and assessment/verification of cooperator expenses for project site completion.
- < Program coordination with other state, federal, and local agencies which may be involved or impacted by potential project decisions.

Since program inception in 1989, there have been at least three different program managers. Each has had to learn about the program by gaining an understanding of its general purpose and operation from the previous manager and from learning by experience about the various regional approaches to the program. Our fieldwork and file reviews indicate significant inconsistencies in how project sites have been selected/developed and how contract requirements and financial arrangements were finalized and documented. At least partially due to lack of standardized program procedures, each of the successive program managers as well as the biologists have been required to make “judgement calls” and establish precedents for their regions. This type of informal approach leads to program administration inconsistencies and region to region confusion. A procedure manual could increase operational consistency and provide a useful resource for all FWP personnel involved with program administration.

Recommendation #3

We recommend the department develop a formal procedure manual.

UGBHEP Management Information

In Chapter II we supplied the reader with tables showing various information regarding program operations. Much of this management information was obtained from the department’s program database. This data is also used to create information which is provided to the legislature in the department’s biennial UGBHEP report and for the department’s use in making programmatic decisions. Management information typically plays a

Chapter III - UGBHEP Findings and Suggested Improvements

critical role in explaining and evaluating a program's purpose and overall impact.

Based on our review/comparison of database information and project contracts, we determined there are inaccuracies with the individual elements which make up the program database. The most common problems we noted included: project acreage discrepancies, differences in noted project costs, and differences in the type and number of contracts with individual cooperators.

The effect of incomplete or inaccurate management information is two-fold. One, a determination of inaccuracy potentially jeopardizes credibility of program information which provides output results. Secondly, programmatic or management decisions which are based on database information can be flawed or incorrect as a result of reliance on the data. Interviews with the program manager and our observations of contracts suggest this problem has occurred due to software changes, data entry errors, and from difficulty in determining exactly what some of the contracts specify. We believe it is necessary for the department to improve the UGBHEP data base in order to provide more accurate program information for reports and decision-making purposes.

Recommendation #4

We recommend the department ensure creation of accurate management information.

Analysis of the UGBHEP Future

Section 87-1-250, MCA, states the department shall report to the fish and game committee of each house of the legislature concerning upland game bird enhancement activities during the preceding biennium, together with any recommendations concerning the operation of the program.

Since program inception, the UGBHEP has been a mechanism for the department to work with landowners in a positive fashion. The

Chapter III - UGBHEP Findings and Suggested Improvements

program allows the department and landowners/cooperators to develop and improve existing lands by virtue of creating or enhancing upland game bird habitat. In addition to habitat, the department has obtained or potentially increased hunting access for upland game birds. In return, the cooperators receive shelterbelts, range management improvements, or assistance with costs and eligibility associated with a CRP program. As noted in the contracted UGBHEP evaluation summary, the applicable parties contacted (landowners, sportspersons, and FWP) were satisfied with the program. However, over the course of the next ten years, a significant number of original UGBHEP contracts will expire. Additionally, agricultural producers with lands in the CRP could see those programs reduced or terminated according to FWP personnel due to potential changes in federal agricultural policy. The potential impact on the UGBHEP could be significant. The expiration of a substantial number of projects coupled with changes in the CRP could impact thousands of acres of habitat developed by this program, adversely affect upland game bird populations, and decrease private lands available for hunting access.

Many of the UGBHEP contracts written have been tied to the 10-15 year CRP contracts developed by the Natural Resource and Conservation Service of the U.S. Department of Agriculture. For example, as of July 2000, 324 of the total of 607 UGBHEP contracts (53 percent) were for nesting cover. This represented approximately 115,000 (25 percent) acres of the total 466,871 acres the department reported to be under UGBHEP contract. Nesting cover projects are typically developed in conjunction with CRP contracts and can be found in every FWP region.

In regions 6 and 7, which includes all of eastern Montana, large range management projects have been developed using UGBHEP funds. In some circumstances, UGBHEP funds for projects have generally only been available to landowners who participate in the FWP Block Management Program, and some project funds have been directed to landowners who participate in the department's Conservation Easement program. Currently, the UGBHEP manager reserves a significant percentage of the overall UGBHEP funds for

Chapter III - UGBHEP Findings and Suggested Improvements

large projects, which to this point have primarily been completed in the eastern half of the state. For example, in fiscal year 2001, \$355,000 is being withheld for range management projects. Meanwhile, in the past few years, the number of new UGBHEP projects in regions 1, 2, 3, and a portion of 5, has decreased substantially. While some biologists have attempted to tie the UGBHEP with more specific hunter access programs such as Block Management and Conservation Easements, this same relationship is not being emphasized by biologists in other regions. Although habitat suitability and the overall large ratio of private lands to public lands in regions 1, 2, 3, and 5 are reasons why the UGBHEP is not emphasized according to the biologists, there appears to be a definite changing trend in how and where UGBHEP funds are being utilized.

The UGBHEP has evolved from a pheasant release program to a statewide game bird habitat program. While previous program evaluations indicated the department has done minimal biological assessment of project sites to measure the impact of habitat enhancement on bird populations, there has also been no formal or reported assessment of programmatic decisions and/or related impacts. Changes in CRP policy, the large number of upcoming contract expirations, withholding of a large percentage of UGBHEP funds for large projects, and the relationship between the UGBHEP and Block Management and Conservation Easement programs all have the potential to substantively alter the UGBHEP. The UGBHEP manager is aware of the possible program impacts, but there has been no formal analysis of the potential outcomes.

Recommendation #5

We recommend the department analyze and report to the legislature on issues which may affect program activities/operations.

Chapter IV - Legislative Considerations

Introduction

The statutes authorizing the UGBHEP and its operations contain requirements for two very different programs. The original 1987 legislation was enacted to provide a funding source to FWP for the release of pheasants. The 1989 legislative modifications to the Pheasant Enhancement Program provided for unspent pheasant release funds to be used for upland game bird habitat projects, which we have termed a “drop-through” provision. The drop-through modification allowed the department to change emphasis and use of the funding from pheasant releases to the development, enhancement, and conservation of upland game bird habitat. During the 1999 Legislative Session, the emphasis on pheasant releases was de-emphasized further when language was placed in the General Appropriations Act to limit the use of UGBHEP funds for pheasant releases to \$30,000 per year for the 2001 biennium.

Legislature Should Clarify Statute

Sections 87-1-246 through 87-1-250, MCA, describes the funding and operational requirements associated with the UGBHEP. The following lists and emphasizes [in bold] the linkages where there could be possible confusion regarding program emphasis.

1. Section 87-1-246, MCA, states the amount of money specified in this section must be used exclusively by the department to **“preserve and enhance upland game bird populations.”**
2. Section 87-1-247, MCA, states that not more than 10 percent of the license money generated may be used by the department to prepare and disseminate **UGBHEP information**, review **pheasant release sites**, assist applicants in preparing project management plans, or **evaluate the UGBHEP**. Subsection 2a indicates the remainder of the license money raised must be used to share at \$3.00 a bird, in the cost of **releasing pheasants** in suitable habitat. This implies the legislature intended the majority of program funds be directed towards releasing pheasants. However, Subsection 2b states all unexpended funds are to revert to the **habitat** portion of the UGBHEP. This language could be viewed as conflicting with the apparent intent in 2a. To further complicate the issue, the 1999 General Appropriations Act limited the amount of funds available for **2a** to \$30,000 per year.

Chapter IV - Legislative Considerations

While department personnel and veteran legislators with historical knowledge of the program may understand and define the relative importance of each statutory sub-section in terms of program expenditures allocated through drop-through amounts, and ultimately program emphasis, the existing language may be confusing to other interested parties. In addition, the language in the 2000-2001 appropriation bill only affects the current biennium.

As a result, future emphasis on habitat and pheasant releases will be determined by appropriation amounts every two years, rather than through statutory language included in the UGBHEP statutes. The legislature needs to clarify the intent of habitat and pheasant release programs in statute.

Recommendation #6

We recommend the legislature clarify UGBHEP program intent in statute.

Agency Response



Montana Fish, Wildlife & Parks

DEC 12 2000

P. O. Box 200701
Helena, MT 59620-0701
(406) 444-3186
FAX: 406-444-4952
Ref: DO1037-00
December 11, 2000

Mr. Jim Pellegrini
Deputy Legislator Auditor
Performance Auditor
P O Box 201705
Helena, MT 59620-1705

Dear Jim:

We have received the final performance audit report of the Upland Game Bird Habitat Enhancement Program. We appreciate the efforts of your staff to gain an understanding of the complexities of the program under such a limited timeframe. We welcome recommendations to improve our accountability to the publics we serve.

The Department's responses to the 6 recommendations are as follows:

Recommendation # 1

We recommend the department strengthen fiscal controls over expenditures in the UGBHEP by:

- A. Clearly stating cost share arrangements in contracts.*
- B. Providing additional guidance to staff responsible for reviewing and processing claims for payment.*
- C. Requiring appropriate supporting documentation prior to payment.*
- D. Documenting supervisory review and approval of claims prior to payment.*
- E. Establishing a method for tracking location of contracts and related files.*

Concur

The department will develop new contract provisions to clearly define cost share arrangements in the contract by May 2001. Establishing a method for tracking and locating contracts and related files will likewise be done by July 2001. Other elements of the recommendation dealing with documentation and approval of claims will begin immediately with guidance from the Administration and Finance Division of Fish, Wildlife & Parks.

Recommendation #2

The department should work with the regions to establish specific and formal program goals and objectives for the UGBHEP.

Concur

The UGBHEP manager will contact staff in our regional offices immediately to begin development of goals and objectives for the habitat portion of the program. Formal goals and objectives will be in place by September 2001. Additional work on the development of outcome measures for overall program performance will be completed for reporting at the Fifty-eighth Legislative Session.

Recommendation #3

We recommend the department develop a formal procedure manual.

Concur

A procedure manual will assist in a more consistent implementation of the program at the regional level. Incorporation of the findings of this audit and the previous wildlife audit findings will ensure that the program direction is institutionalized at the field level. Personnel changes at the program level as well as at the regional manager level dictate that a manual be available so that the decentralized implementation can occur in consistent manner. The manual will be prepared in draft for regional review by September 2001.

Recommendation #4

We recommend that the department ensure creation of accurate management information.

Concur

As pointed out in the report software changes and new programming have been a problem in maintaining an accurate database. The department will work with the Information Technology staff to either enhance the current program or develop a new program that will provide the level of detail needed for management decisions. The department will set a target of July 2001 for either internal staff to implement the changes or a Request for Proposal to contract for this program development.

Recommendation #5

We recommend the department analyze and report to the legislature on issues, which may affect program activities/operations.

Concur

The department will provide a report to the legislature which includes the goals and objectives as outlined in recommendation #2 along with an analysis of the various factors that influence program implementation. Changes in the federal farm program can have a major influence on the department's ability to work with landowners in developing habitat for wildlife. The department will have this first report available for the Fifty-eighth legislature.

Recommendation #6

We recommend the legislature clarify UGBHEP program intent in statute.

Concur

The current statutes are difficult to interpret because of the inclusion of both the pheasant enhancement and upland game bird habitat enhancement under the same titles and statute sections. It appears to be relatively straight forward to separate the two programs in statute and we would work with a member of the committee if a member wanted to sponsor this change. If we were to redefine one or both of the programs, we believe that those impacted should have an opportunity to provide their input and time is very short for this session of the legislature.

We want to thank you again for your efforts and look forward to improved program accountability as a result.

Sincerely,

A handwritten signature in black ink that reads "Pat Graham". The signature is fluid and cursive, with the first name "Pat" and last name "Graham" clearly distinguishable.

Patrick J. Graham
Director

Appendix A

FWP Regions

